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UNCLAS BOGOTA 012692

SIPDIS

E.O. 12958: N/A

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SUBJECT: COLOMBIAN 3RD QUARTER GDP GROWTH MISSES THE MARK

1. (U) SUMMARY. The GOC released 2004 Q3 GDP figures showing a sluggish 2.43 percent growth rate. GOC forecasts had predicted a 3.9 percent increase. Colombia's expected 2004 GDP growth rate of 4 percent can now only be achieved if Q4 GDP growth reaches 5 percent or higher. These numbers are disappointing to Colombian government economists, and the GOC, through the Colombian press has come out with multiple explanations. END SUMMARY.

2. (U) Colombian government officials expressed concern over lower growth figures; however, they explained their inability to meet the 4.1 percent target as being a result of multiple variables. Economists at the Central Bank and the National Planning Department (DNP) told econoff that the lower numbers are due to supply shocks caused by a truckers strike in September and October. In addition, Central Bankers noted that public investment in the third quarter was low. Colombia is currently experiencing a change of governments at the local level and local governments are currently in a period of renewing contracts, which constrains regional investment. Officials at DANE, the National Statistics Department, have said that a slow down in the farming, coal and oil sectors is responsible for the low numbers.

3. (U) COMMENT: As it struggles to explain what went wrong with Q3 GDP figures, the GOC is also looking for explanations that do not frighten potential investors. END COMMENT.

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